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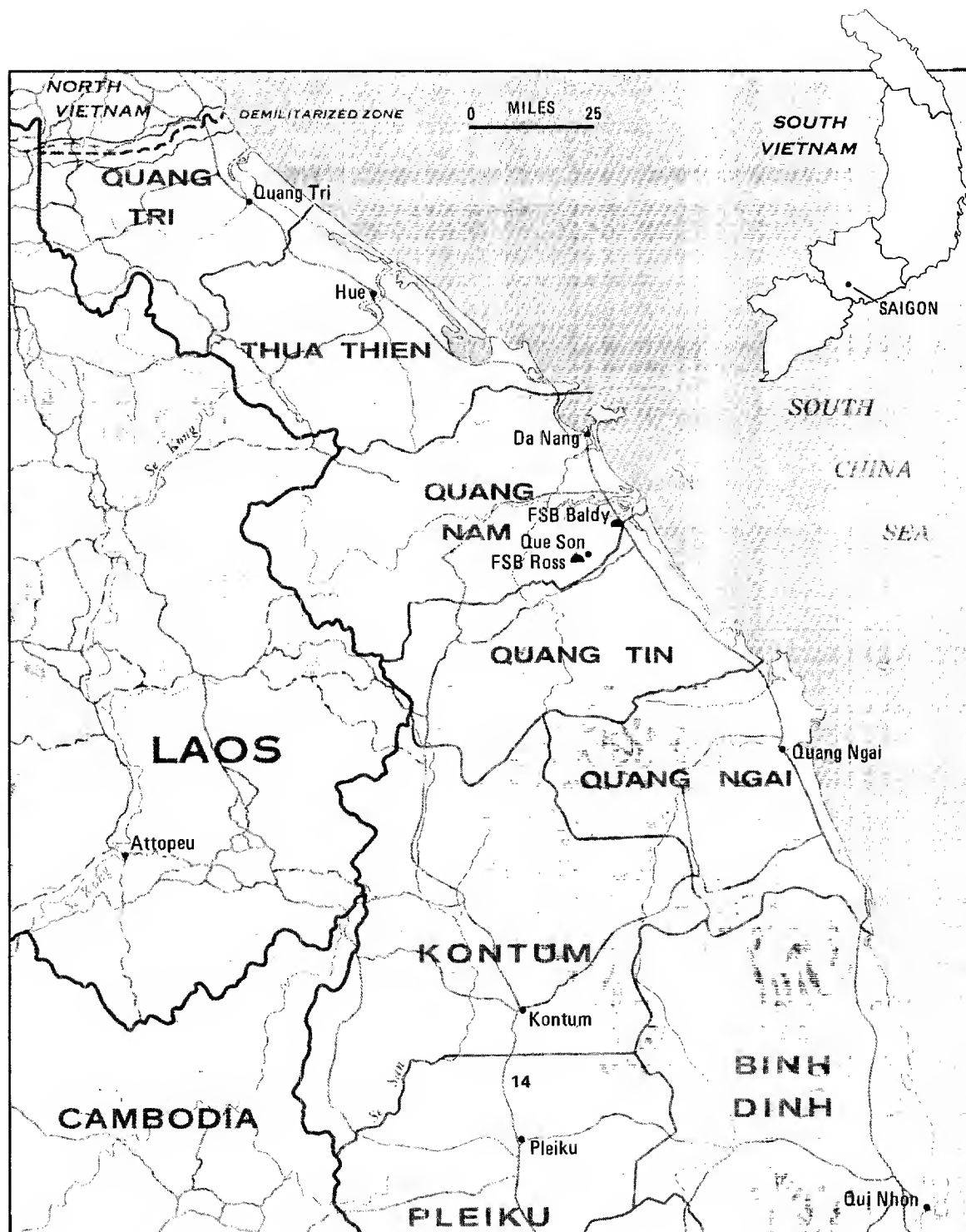
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VIETNAM: The government advance in Quang Nam Province appears to have slowed as Communist resistance has stiffened.

South Vietnamese forces reportedly now control most of Que Son district town, but they have not been able to push the Communists out of the military compound near the center of the town. The enemy seized the compound after fierce fighting on Sunday. Intense groundfire near the town is making it difficult for government helicopters to bring in reinforcements. The capture of an enemy cache containing two SA-7 missiles suggests that this weapon, which has been used with telling effect against helicopters in other parts of the country, will also be used at Que Son. West of town, government forces moving toward Fire Support Base (FSB) Ross claim to have killed more than 100 enemy in small skirmishes. A Communist ground attack against FSB Baldy--the base supporting the government operation in Quang Nam Province--caused little damage.

In other action, US helicopter gunships may have disrupted Communist plans for attacking the Da Nang airfield when they engaged an enemy force carrying rockets south of the base on 27 August. The gunships killed several of the Communist troops.

In the north, government forces in and near Quang Tri City are still encountering stiff resistance. The heaviest fighting involved the South Vietnamese Marines, who reported a number of sharp clashes in the northeastern and southern sectors of the city.

The Communist forces that have recently shifted from Kontum to Pleiku Province may be preparing to step up the fighting there. In the past few days, there has been a sharp increase in harassing attacks against government positions near Pleiku City, and on the night of 26-27 August the Communists

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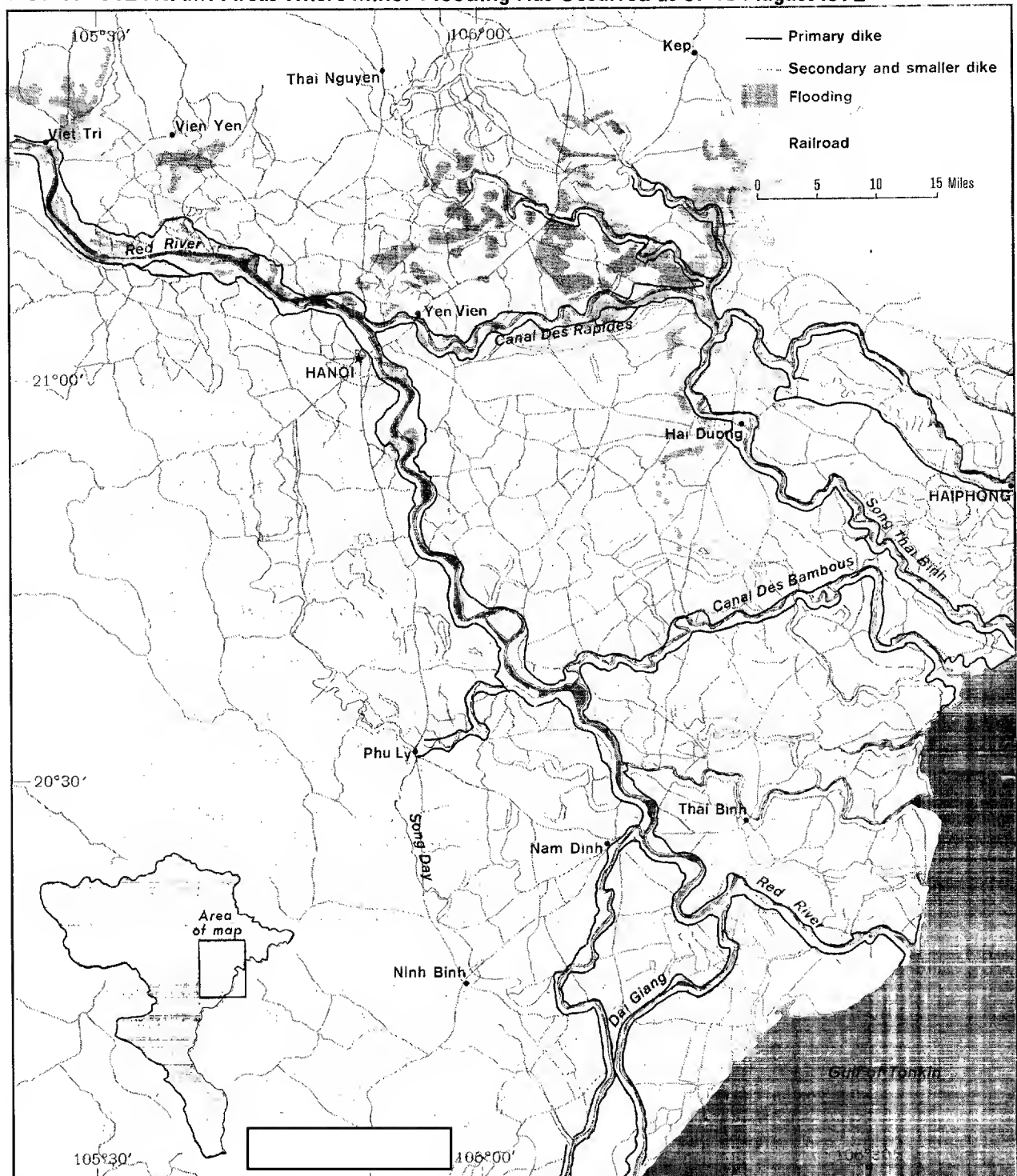
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NORTH VIETNAM: Areas Where Minor Flooding Has Occurred as of 13 August 1972



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barricaded Highway 14 south of the city. These attacks could be a prelude to heavier fighting once supply corridors have been established.

Activity in the rest of the country remained light.

* * * *

North Vietnam's Red River Delta is expected to receive its first tropical storm of the season on 29 August. "Cora" is forecast to hit the Vietnamese coast some 20 miles south of Haiphong with 45-50 knot winds and torrential rains. It then will probably proceed inland toward Hanoi. "Cora" is a large storm and, although its wind velocity is not extreme, its inland course could lead to extensive flood-producing rains that may test the improvements recently made to the dikes in this area. To date, flooding has not been extensive in the delta this season.

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Brezhnev Visits Virgin Lands



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USSR: In an unusual display of concern over the harvest prospects, Party General Secretary Brezhnev has flown out to the key Virgin Lands grain-growing area for conferences with local farm officials.

Brezhnev arrived in Kokchetav in northern Kazakh Republic on Thursday to address a meeting of local agricultural authorities. He then flew to Barnaul, the capital of Altay Kray, for a similar meeting, and arrived in Krasnoyarsk on 28 August. His speeches have not been published, but Brezhnev is probably putting the full weight of his personal authority behind the current campaign for a maximum effort to bring in the harvest.

Much is riding on the Virgin Lands harvest. Adverse weather conditions have severely damaged the crops in the other major grain growing areas of the Soviet Union, but the Virgin Lands have produced an above-average stand of wheat this year. The situation is precarious, however, because the crop is over a week late in ripening and is in serious danger of being hit by early frosts. In addition, harvest efforts are being hampered by prolonged cool and rainy weather, and losses are expected to be much higher than average.

In another sign of concern over the harvest, Soviet leaders have launched a nationwide campaign to save bread. This drive, reminiscent of 1963 when the country suffered from a dismal grain crop, began in early August in the Ukraine--one of the areas most severely affected by this year's poor harvest. Since then, some Moscow papers and the regional press have begun to publish articles urging consumers to economize on the use of bread.

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Although large purchases of foreign grain this year will partially offset domestic losses, some of the measures taken in 1963, such as removing flour from the market and lowering the quality of bread, may have to be employed again. The Soviets will, however, try to avoid the distress slaughtering of livestock. A cutback in livestock inventories would sharply curb the much-heralded program to improve meat supplies and would be even more politically embarrassing to Brezhnev, who fathered the program.

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SOUTH ASIA: Obstacles to implementation of the Simla pact appear even higher in the wake of China's veto of Bangladesh's application for UN membership.

India has sought Pakistani recognition of Bangladesh as an indication of Pakistan's sincerity in working for a peaceful settlement of mutual problems. Prime Minister Gandhi believes that President Bhutto committed himself to early recognition of Dacca in their meetings at Simla last month. She sees his subsequent decision to withhold recognition as well as the Chinese veto--for which she believes he shares responsibility--as violations of the "spirit of Simla." She is also unhappy about Bhutto's insistence that he retains the right to involve the UN in Indo-Pakistani problems, since the Simla agreement's emphasis on bilateralism appeared to rule this out.

Mrs. Gandhi and Bhutto agreed at Simla to withdraw troops from all territory, except in Kashmir, occupied in last year's war. This amounted to a major Indian concession; India captured some 5,600 square miles of West Pakistani territory while losing only about 125 square miles. Bhutto, in return, agreed to respect the existing line of control in Kashmir and to seek resolution of disputes with India through peaceful bilateral means.

In response to what she sees as Pakistani backsliding, Mrs. Gandhi has reportedly decided to delay the troop withdrawals. With Pakistani negotiators now in New Delhi to discuss the apparent deadlock, her immediate task is to establish her conditions for proceeding with the withdrawals. Publicly, her government is now giving priority to obtaining an agreed delineation of the boundary in Kashmir. In fact, however, Mrs. Gandhi is probably reluctant to sacrifice a major bargaining chip--the occupied territory--in the absence of a major Pakistani concession such as recognition of Bangladesh. [REDACTED]

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NEPAL: Nepali dissidents based in India have initiated terrorist activity across the border, but they are unlikely to pose a serious threat to King Birendra's regime.

On the nights of 23, 24, and 25 August, as many as 400 well-armed raiders attacked nine police posts in the eastern part of the Terai--the low-lands along the Indian border--killing about ten policemen, [REDACTED] The raiders probably are supporters of dissident Nepali Congress Party leader B. P. Koirala, an ex - prime minister who has chosen exile in India for some four years and has long urged insurrection in Nepal.

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Koirala can count on some support from the inhabitants of the Terai and the Kathmandu Valley, where allegiance to the monarchy is traditionally weak, but his ability to engineer a country-wide revolution is highly questionable. Nevertheless, the raids may inspire various student and political groups to continue or even intensify their demonstrations of recent weeks. In the face of these protests, King Birendra has so far been reluctant either to grant the sweeping reforms demanded or to exert firm control.

India has in the past given tacit approval to Koirala's low-level antigovernment activities. Policy makers in New Delhi, while not plotting the overthrow of the Nepalese monarchy, would have preferred the "democratic" political system as espoused by Koirala to the late King Mahendra's authoritarian and allegedly anti-Indian rule. New Delhi appears to regard Birendra more favorably than his father, and Nepali authorities have no evidence that the recent raids were actively encouraged by New Delhi. Security, however, is obviously lax on the Indian side of the border, where the insurgents took refuge. Kathmandu's ability to deal with the present situation will be significantly enhanced if the Indians agree to its request to take action against the raiders. [REDACTED]

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NOTE

BENELUX-JAPAN: The Benelux countries reportedly are dissatisfied with the results of unilateral Japanese measures to limit electronics exports taken after recent industry talks. Belgium and Holland have sent notes to the Japanese Government expressing their concern over continuing sharply rising imports of Japanese electronic products. Although they appear to have given Japan an additional trial period of several months to reduce such exports, the Benelux countries have threatened to impose temporary import restrictions if voluntary restraint does not have the desired result. With Dutch elections scheduled for November, political aspirants may be responsive to pressure from Philips, the leading Benelux electronics firm and a major employer, for protection from Japanese penetration.

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